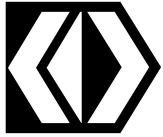


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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 34)

DISCLOSEABLE TRANSACTION
ACQUISITION OF LAND IN SHENYANG

The Board wishes to announce that the Buyer, an indirect wholly-owned subsidiary of the Company, has successfully tendered for the Property for approximately RMB830,000,000 (equivalent to approximately HK\$803,000,000).

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing, amongst other things, further details relating to the Acquisition will be despatched to the Shareholders as soon as practicable.

THE ACQUISITION

Date of the Tender

8 June 2006

Parties involved in the Tender

- (1) Shenyang Land Reserve and Exchange Centre, acting on behalf of the Landowner
- (2) the Buyer

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Shenyang Land Reserve and Exchange Centre and the Landowner is an independent third party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

Pursuant to the Tender, the Buyer has acquired the Property.

Consideration

The consideration for the Acquisition of the Property is an aggregate amount of approximately RMB830,000,000 (equivalent to approximately HK\$803,000,000), which is determined after a public bidding process and the Board considers that the consideration is fair and reasonable having taking into account the location and development potential of the Property.

The consideration will be satisfied by the internal resources of the Group and is payable as to RMB400,000,000 (equivalent to approximately HK\$387,000,000) upon the award of the Tender, with the balance payable in full before 30 June 2007.

The Property

The Property is located to the west of Daba Road in Dong Ning District of Shenyang, the PRC, and is currently owned by the Landowner. It has an area of approximately 1,450,000 square meters and has been approved for residential and commercial development purposes. The term of the grant is 50 years for residential premises and 40 years for commercial premises.

Reason for the transaction

The Group is principally engaged in property development and investment, property management, financial services and investments in Hong Kong, Macau and the PRC.

In order to enhance the Group's position in the PRC property market, the Board believes that the Acquisition will increase the land bank of the Group and provide the Group with a good opportunity for project development in Shenyang. The Directors (including the independent non-executive Directors) consider that the Acquisition has been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interest of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing, amongst other things, further details relating to the Acquisition will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

| | |
|---------------|---|
| “Acquisition” | the acquisition of the Property pursuant to the Tender |
| “Board” | the board of directors of the Company |
| “Buyer” | 保利達地產佳伴(瀋陽)有限公司 (Polytec Property Good Companion (Shenyang) Limited), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company |
| “Company” | Kowloon Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |

| | |
|---|---|
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Landowner” | 瀋陽市規劃和國土資源局 (Shenyang Planning and State Land Resources Bureau), a government department responsible for land and resources under the Shenyang Municipal Government |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Property” | the piece of land with Lot No. 2005-129 and with an area of approximately 1,450,000 square metres to be acquired by the Group pursuant to the Acquisition |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the shareholder of the Company |
| “Shenyang Land Reserve and Exchange Centre” | 瀋陽市土地儲備交易中心 (Shenyang Land Reserve and Exchange Centre) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tender” | the tender for the Property arranged by the Shenyang Land Reserve and Exchange Centre on behalf of the Landowner |
| “%” | per cent. |

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at HK\$1.00 = RMB1.033.

By order of the Board
Kowloon Development Company Limited
Or Wai Sheun
Chairman

Hong Kong, 9 June 2006

As at the date of this announcement, the Board comprises Mr. Or Wai Sheun (Chairman), Ms. Ng Chi Man, Mr. Lai Ka Fai and Mr. Or Pui Kwan as Executive Directors, Mr. Keith Alan Holman (Deputy Chairman), Mr. Tam Hee Chung and Mr. Yeung Kwok Kwong as Non-executive Directors and Mr. Li Kwok Sing, Aubrey, Mr. Lok Kung Chin, Hardy and Mr. Seto Gin Chung, John as Independent Non-executive Directors.

Please also refer to the published version of this announcement in the South China Morning Post.